



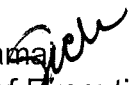
SACHI A. HAMAI
Interim Chief Executive Officer

County of Los Angeles CHIEF EXECUTIVE OFFICE

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August 21, 2015

To: Mayor Michael D. Antonovich
Supervisor Hilda L. Solis
Supervisor Mark Ridley-Thomas
Supervisor Sheila Kuehl
Supervisor Don Knabe

From: Sachi A. Hamai 
Interim Chief Executive Officer

Board of Supervisors
HILDA L. SOLIS
First District

MARK RIDLEY-THOMAS
Second District

SHEILA KUEHL
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

REPORT BACK ON COUNTYWIDE REVENUES FROM VARIOUS FEES AND RECOMMENDATIONS AND TIMELINE FOR COMPREHENSIVE REVIEW (ITEM 5-C, AGENDA OF JUNE 22, 2015)

On June 22, 2015, the Board directed the Interim Chief Executive Officer to prepare a report, within 60 days, that provides descriptive statistics on revenues from various fees by department and countywide, provides analysis of all fees that have not been adjusted in five years or longer, and identifies the three-to-six departments with the greatest volume of fees that have not been adjusted in the last five years and recommendations and a timeline to comprehensively review each department's fee structure.

As directed in the Countywide Budget Instructions for the 2015-16 Recommended Budget, County departments submitted a Statement of Revenue from Various Fees, otherwise known as Schedule EE. This schedule includes a listing of each fee charged by the department and its corresponding budgeted revenue. In addition, the County Fiscal Manual and Internal Control Certification Program requires departments to ensure that "fees charged are reviewed annually and recommendation for adjustments are made when fees no longer recoup the costs of services provided or when statutes have changed providing a different fee amount." As mentioned in the motion, departments may have forgone this review as a means of reducing financial burden on County residents and businesses during the Great Recession. As the nation slowly moves away from recessionary impact and the cost of doing County business continues to increase, it is important that County departments conduct cost recovery analysis in order to maintain sustainable levels of funding for ongoing services.

"To Enrich Lives Through Effective And Caring Service"

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Our office, in cooperation from all County departments, collected and compiled the information from Schedule EE into a centralized database. In total, 25 County departments generate revenues from various fees as part of their operating budget, and 1,263 individual fees were recorded in the centralized database. For the 2015-16 Recommended Budget, Countywide revenues from various fees constitute approximately \$829.6 million, which is 3% of the total County recommended operating budget of \$26.923 billion. Of these fees, \$657.5 million or 79% have been adjusted in the last five years (i.e., fiscal year 2010-2011 and later). Certain fees that were not adjusted in the last five years are regulated by the State of California, which limits the County's authority to make adjustments. Such regulated fees include those collected by the Assessor and Agricultural Commissioner/Weights and Measures, which may not have been adjusted since September 1996 as noted in the Board motion. These regulated fees constitute \$62.9 million, or 8% of total fees. \$109.2 million or 13% of fees have not been adjusted in the last five years. The attached schedule (Attachment I) summarizes each department's total revenues from fees, categorized by their corresponding date of last adjustment.

Based upon the results of our analysis, our office plans to take the following actions in preparation for the 2016-17 Recommended Budget phase:

1. Issue a joint memo with the Auditor-Controller to County Departments to reinforce compliance with the County Fiscal Manual's provisions detailed in Sections 9.1.3 – Internal Controls Over Revenue and 11.2.0 – Indirect Cost Proposal Preparation Guide.
2. Make revisions to Schedule EE to include fields to note the Date of Last Review of the Fee/Rate, at which time the fee may or may not be adjusted according to findings, as well as fields to note potential new fees and regulations restricting fee adjustment. Reminders of these revisions will be included in the distribution of the Budget Instructions and the Budget Insider to departmental budget staff.
3. Work with those departments that have a proportionally high amount of fees that have not been adjusted in the last five years to comprehensively review their fee structures, including fee levels, cost recovery, departmental cost allocation, and potential new fees, if appropriate.

If you have any questions or require additional information, please contact me, or your staff may contact Sidney Kikkawa at (213) 974-6872, or via email at skikkawa@ceo.lacounty.gov.

SAH:JJ:SK
MM:VT:alc
Attachment

c: Acting Executive Office, Board of Supervisors
Auditor-Controller

Summary of Countywide Revenue from Various Fees

2015-16 Recommended Budget Phase (Schedule EE)

25 Departments

1,263 Individual Fees

DEPARTMENT	TOTAL OPERATING BUDGET	TOTAL REVENUE FROM FEES	ADJUSTED 2010 & LATER	STATE REGULATED	ADJUSTED 2009 & EARLIER	%
Agricultural Commissioner/Weights and Measures	44,720,000	9,447,000	7,165,000	269,000	2,013,000	21%
Animal Care and Control	39,617,000	14,252,000	-	-	14,252,000	100%
Assessor	170,049,000	59,763,000	-	59,763,000	-	0%
Auditor-Controller	65,379,000	9,540,000	4,138,000	-	5,402,000	57%
Beaches and Harbors	50,627,000	15,420,000	-	-	15,420,000	100%
Board of Supervisors	145,037,000	1,921,000	1,921,000	-	-	0%
Children and Family Services	2,131,534,000	650,000	-	650,000	-	0%
Community and Senior Services	104,637,000	445,000	222,000	-	223,000	50%
County Counsel	24,657,000	6,139,000	6,139,000	-	-	0%
District Attorney	358,849,000	50,000	50,000	-	-	0%
Fire	1,094,802,000	21,589,000	21,471,000	-	118,000	1%
Health Services	4,766,702,000	2,711,500	729,500	-	1,982,000	73%
Internal Services	124,017,000	104,740,000	104,739,000	-	1,000	0%
Medical Examiner-Coroner	34,476,000	2,036,000	1,450,000	-	586,000	29%
Mental Health	2,107,170,000	4,670,000	4,670,000	-	-	0%
Parks and Recreation	172,900,000	32,241,100	32,241,100	-	-	0%
Probation	854,213,000	11,342,000	9,211,000	2,131,000	-	0%
Public Defender	200,979,000	500,000	500,000	-	-	0%
Public Health	884,433,000	8,721,000	6,728,000	102,000	1,891,000	22%
Public Library	154,694,000	3,252,000	-	-	3,252,000	100%
Public Works	874,614,000	441,032,000	399,665,000	-	41,367,000	9%
Regional Planning	27,548,000	7,180,000	7,176,000	-	4,000	0%
Registrar-Recorder/County Clerk	152,713,000	50,806,000	35,071,000	-	15,735,000	31%
Sheriff	3,011,732,000	9,398,000	9,230,091	-	167,909	2%
Treasurer and Tax Collector	69,928,000	11,825,000	5,002,000	-	6,823,000	58%
(All other departments and budget units with no fees)	9,257,336,000	-	-	-	-	N/A
Total County Operating Budget:	26,923,363,000	829,670,600	657,518,691	62,915,000	109,236,909	
		3%	79%	8%	13%	
		of total County operating budget				